

**ALAMEDA GOLF COMMISSION  
MINUTES OF SPECIAL MEETING**

**Wednesday, September 22, 2010**

**1 CALL TO ORDER**

Chair Jane Sullwold called the special meeting to order at 6:34 p.m. at the Chuck Corica Golf Complex, Ladies Lounge, 1 Clubhouse Memorial Road, Alameda, CA 94502

**1-A ROLL CALL**

**Present:** Chair Jane Sullwold, Commissioner Ray Gaul, Vice Chair Bill Schmitz, and Commissioner Betsy Gammell

**Absent:** Commissioner Jeff Wood

**Staff:** General Manager John Vest, Superintendent Matt Wisely

**Also Present:** Interim City Manager Ann Marie Gallant

**1-B APPROVAL OF MINUTES**

The Minutes of August 18, 2010 were approved unanimously

**1-C ADOPTION OF AGENDA**

The Commission unanimously adopted the agenda.

**2 ORAL COMMUNICATIONS**

None

**3 COMMISSION COMMUNICATIONS**

None

**4 AGENDA ITEMS**

**4-A Status Report on Long Term Lease and Mif Albright Negotiations including Golf Commission recommendations**

Interim City Manager Ann Marie Gallant reported that the City has asked Kemper for additional information from regarding five possible scenarios for the Golf Complex, and will start narrowing them down tomorrow morning. She expects that the business points will be finalized by the end of October. An oral report in her City Manager Communications should be provided to City Council by the first meeting in

November, at which time she will disclose Kemper's proposals on each of the five scenarios. Ms. Gallant also stated that they are evaluating and working with Jim's on the Course regarding how it will affect the restaurant lease. She indicated that the City is currently negotiating with Kemper to run and maintain the Mif Albright course because Ms. Gallant believes a lease to the Alameda Junior Golf Association might be problematic to administer, and because she believes that AJGA could still do fund-raising for the Mif, even if it is being operated by Kemper.

Chair Sullwold asked Ms. Gallant if the five scenarios Dale Lillard identified several month ago were the correct ones, and Ms. Gallant said yes, with a small variation to one of them. Chair Sullwold noted that only one scenario is consistent with the City Council's resolution of March 16, 2010. Chair Sullwold asked if the City had surveyed the golf community regarding what was wanted, which was part of the City Council's resolution. Ms. Gallant stated that they have not at this point, but are considering it.

Chair Sullwold stated that she has seen documents showing that most of the land of the Mif Albright Course was the subject of an eminent domain action to acquire land for use as Alameda public parks. Some of the land was purchased from the Port of Oakland and was purchased with the understanding that it would be used as Alameda public parks. Ms. Gallant stated that is a major factor as they move forward with the recommendations of the analysis of these options. She has spoken with the City Attorney regarding this and they are evaluating it.

Bob Wood asked Ms. Gallant what the City's position is regarding the \$100,000 that the Wadsworth Foundation asked the City to commit. Ms. Gallant stated that it has not been considered by the City Council, but preliminary feedback is there is no opposition at this time.

#### **4-B Presentation on 2010/2011 Budget**

Ms. Gallant explained that, on August 31, 2010, cash in the bank totalled \$971,000, which is almost \$200,000 more than they expected. Before the start of Kemper's interim management contract, the parties projected that the City would save about \$350,000, but the actual savings exceed \$400,000 in personnel costs alone.

Bob Sullwold asked Ms. Gallant to explain why the City's Cash Flow Statement as of June 30, 2010 Run #1 "UNAUDITED" showed a \$937,961.26 cash balance as of June 30, 2010, while the Cash Flow Statement as of August 31, 2010 showed a beginning cash balance on July 1, 2010 of \$813,878.38, an overnight difference of about \$125,000. Ms. Gallant stated that the balance on June 30, 2010 did not reflect any audit adjustments, which are made once a year when the books are closed. The preliminary audit adjustments were booked at 12:01 a.m. on July 1, 2010, which explains the \$125,000 difference, but remain subject to further change before the final audit is completed in December.

Bob Sullwold asked about the item on the August 31, 2010 Cash Flow Statement entitled "Reversal of Investments Market Value Investments". According to Ms. Gallant, a new Gadsby requirement was imposed three or four years ago, requiring the City to book the amount of any investment loss even though the investment was not actually liquidated.

Chair Sullwold asked how the budget projections regarding rounds and revenues were derived, noting that the Mif Albright course shows projections for 2010/2011 of \$55,000 in revenue, whereas actual revenue for the Mif in 2009/2010 was \$91,000. Ms. Gallant stated that she was not involved in these projections and did not know how the figures were obtained, but will look into it and come back next month to clarify. Along these same lines, Mr. Sullwold noted that the budget projects an increase in revenue on the Fry and Clark courses. Mr. Sullwold inquired if the \$42,000 in expenses for "personnel services" was for Mr. Lillard's compensation; Ms. Gallant stated that a portion was for Mr. Lillard and she will find out where the balance goes. (It later emerged that the entire \$42,000 is likely to represent Mr. Lillard's compensation paid out of the Golf Complex budget.) Mr. Sullwold asked about how much of the \$2,629,270 in contractual services is payment to Kemper. Ms. Gallant stated that the amount is for all maintenance and operations of the Golf Complex, so the entire amount reflects Kemper payments. While the City is required to report payments to Kemper this way, Ms. Gallant stated that the City could prepare a spreadsheet breaking down, on a quarterly basis, what the contractual service figure encompasses, including labor costs, outside services, supplies, etc.

Chair Sullwold asked about the difference in figures on pages 74 and 177 of the budget: "expenditures by major category" for 2010-2011 is \$916,045 under "fixed charges" on page 74, whereas the "fixed charges" in the "expenditure summary" for the Golf Complex under the Recreation and Parks budget are \$931,045 (page 177). Ms. Gallant stated that it was an input error. Chair Sullwold why the budget shows the Golf Complex paying the PILOT and not ROI, and Ms. Gallant stated that the ROI has been eliminated. Chair Sullwold asked about the Island City Maint 84-2 Zone 5 (page 58). Ms. Gallant that she would find out exactly what that is, but believes it has something to do with the Public Works Department. Ms. Gallant was also asked about the Capital Improvements Administration and she stated that is Public Works overhead. Chair Sullwold noted that the Golf Complex may be charged more for Public Works overhead than for actual services provided by the Public Works Department.

Ms. Gallant addressed the line item for Debt Service 2008 Refinance Project COP (page 66), which more than doubled to \$131,000 in 2010-2011 from the \$53,610 assessed in 2009-2010. She explained that the City was experiencing a serious cash flow problem in 2008 and decided to refinance debt in order to reduce the hit that year on the general fund for debt service. The existing Golf Complex debt for renovation of the driving range more than ten years ago was wrapped into an overall refinancing that included the Library and Police Station. Unfortunately, while the refinancing had a very positive effect on 2008 obligations, it was structured to balloon upwards in each succeeding year. When Ms. Gallant found out about the

deal, she attempted to arrange to pay off the debt in full to avoid substantial increases in future years, but learned that the deal that had been reached precluded prepayment. Consequently, we can expect an even greater assessment in this category for 2011-2012.

Chair Sullwold asked about the cost allocation and Ms. Gallant stated that there was no change to the Golf Complex from the prior year, despite the fact that Kemper does not draw upon City services to the same extent as when the Golf Complex was operated entirely by City personnel.

Ms. Gallant concluded by noting that the budget for fiscal year 2010-2011 projects that revenues will exceed expenditures, and that there will be no draw down on the Golf Complex Enterprise Fund to pay ordinary operating expenses.

#### **4-C Update on Golf Complex Finances**

Bob Sullwold stated that rounds on both the Fry and Clark were lower in August 2010 than in July 2010, and lower than in August 2009. Rounds and revenue on the Mif were higher in August than in July, but lower than August 2009. Comparing the first two months of fiscal year 2010-2011 with the same period last year, rounds and revenue on all three courses have declined, rounds by a total of 3,100, revenue by a total of \$28,578. Financial results year to date for the first two months of the fiscal year report the operating income as \$189,096 and the positive cash flow as \$157,358, although the financial statements from the City for the past two months show no transfers to other funds. The Kemper reports provided to the City for the month of July 2010 show a profit of \$129,084, and for calendar year to date of \$389,028.

Ms. Gallant was asked why the financial report for August 2010 shows \$8,015 for restaurant concession income, but the year-to-date total is zero; she had no explanation.

### **5 ORAL REPORTS**

#### **5-A Golf Shop and Driving Range activities report by John Vest**

John Vest stated that a demo day in September brought in about \$3,000 in merchandise revenue. As of yesterday, September 21, 2010, merchandise revenue is \$23,000 compared to \$16,000 prior year. Overall revenue so far this month is about \$247,000. Cart revenue is down about \$7,000 compared to same prior last year. Tournament rounds have increased. Other courses in the area are running similar promotions. The cart issue has been addressed due to the new electric work in the cart barn, so the carts are being charged at all times. So far, about 400 out of 720 batteries have been changed out.

Wacky Wednesdays has been bringing back some of the seniors that have played elsewhere, generating 212 rounds and \$6,000 in revenue to date this month. The

special Tuesday promotion for \$100 per foursome has generated about \$2,700 in revenue to date. The competition remains stiff, however, with other competitive courses matching our promotional rates.

**5-B Golf Complex Maintenance activities report by Matt Wisely**

Matt Wisely stated that we have received our new mower and have renovated the old one. He has hired a new maintenance worker, and has made a job offer to a mechanic who is currently out of the country. Regular deep core aerification will not be done this fall; instead aerification will be done on a much a smaller scale. Unfortunately, several greens on the Clark course were accidentally “scalped” recently. Tree trimming is currently in progress.

**5-C Beautification Program and Junior Golf Club by Mrs. Norma Arnerich**

Norma Arnerich informed Matt Wisely about a tree planting ceremony for a deceased golfer coming up in the near future. Although the final figures are not yet in, the Jack Clark Invitational Tournament was a success even though there were only 14 teams this year. She thanked the Golf Complex staff for having the course in nice shape for the event.

**5-D Golf Complex Restaurant Report, Jim’s on the Course**

None

**6. COMMISSIONERS’ REPORTS**

**6-A Marketing and Promotions, Commissioner Gammell**

None

**6-B Maintenance, Buildings, Security, Albright Course and Driving Range, Secretary Wood**

None

**7. ORAL COMMUNICATIONS, NON-AGENDA (Public Comment)**

None

**8. OLD BUSINESS**

None

## **9. WRITTEN COMMUNICATIONS**

Included in the Commission packet was a memorandum to the Finance Department showing the surcharge payment in August 2010 was \$11,107.00. The year-to-date total to the General Fund is \$22,499.00 for FY 2010/2011.

## **10. ITEMS FOR NEXT MEETING'S AGENDA**

- Status Report on Long Term Lease and Mif Albright Negotiations including Golf Commission Recommendations
- Update on Golf Complex Finances
- Election of Officers

## **11. ANNOUNCEMENTS/ADJOURNMENT**

The meeting was adjourned at 8:47 p.m.

The agenda for the meeting was posted 72 hours in advance in accordance with the Brown Act.